



HEALTH ANNUAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2004  
OF THE CONDITION AND AFFAIRS OF THE  
MCARE INC.

NAIC Group Code34143414NAIC Company Code95449Employer's ID Number38-2649504  
(Current)(Prior)

Organized under the Laws of, State of Domicile or Port of EntryMichigan

Country of DomicileUnited States of America

Licensed as business type:Health Maintenance Organization

Is HMO Federally Qualified? Yes [ X ] No [ ]

Incorporated01/01/1986Commenced Business10/01/1986

Statutory Home Office2301 Commonwealth Blvd. Ann Arbor , MI 48105  
(Street and Number)(City or Town, State and Zip Code)

Main Administrative Office2301 Commonwealth Blvd. Ann Arbor , MI 48105  
(Street and Number)(City or Town, State and Zip Code)734-747-8700  
(Area Code) (Telephone Number)

Mail Address2301 Commonwealth Blvd. Ann Arbor , MI 48105  
(Street and Number or P.O. Box)(City or Town, State and Zip Code)

Primary Location of Books and Records2301 Commonwealth Ann Arbor , MI 48105  
(Street and Number)(City or Town, State and Zip Code)734-747-8700  
(Area Code) (Telephone Number)

Internet Website Addresswww.mcare.net

Statutory Statement ContactSusan M. Agnew734-332-2500  
(Name)(Area Code) (Telephone Number)  
sagnew@mcare.med.umich.edu734-332-2177  
(E-mail Address)(FAX Number)

Policyowner Relations Contact2301 Commonwealth Blvd. Ann Arbor , MI 48105  
(Street and Number)(City or Town, State and Zip Code)734-913-2211  
(Area Code) (Telephone Number)

OFFICERS

PresidentZelda Geyer-Sylvia

TreasurerDouglas L. Strong

SecretaryLarry Warren

ActuaryGregory A. Hawkins

OTHER

DIRECTORS OR TRUSTEES

Darrell A. Campbell Jr., M.D.

Zelda Geyer-Sylvia

Sally Joy

Robert P. Kelch M.D.

Jean M. Malouin M.D

Richard C. Petrocelli

Timothy P. Slottow

Douglas L. Strong

Larry Warren

Miriam M. Weininger

Dorothy C. Symons

James O. Wooliscroft M.D.

State ofMichigan

County ofWashtenaw

SS:

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Zelda Geyer-Sylvia  
Executive Director

Larry Warren  
Secretary

Douglas L. Strong  
Treasurer

Subscribed and sworn to before me this day of

a. Is this an original filing? Yes [ X ] No [ ]

b. If no,

1. State the amendment number.....

2. Date filed .....

3. Number of pages attached.....

## EXHIBIT 2 - ACCIDENT AND HEALTH PREMIUMS DUE AND UNPAID

[illegible]

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE MCARE

**EXHIBIT 3 - HEALTH CARE RECEIVABLES**

1 Name of Debtor	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 Over 90 Days	6 Nonadmitted	7 Admitted
NONE						
0799999 Gross health care receivables						

**EXHIBIT 4 - CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)**

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## EXHIBIT 5 - AMOUNTS DUE FROM PARENT, SUBSIDIARIES AND AFFILIATES

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## EXHIBIT 6 - AMOUNTS DUE TO PARENT, SUBSIDIARIES AND AFFILIATES

NONE

## EXHIBIT 7 - PART 2 - SUMMARY OF TRANSACTIONS WITH INTERMEDIARIES

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EXHIBIT 8 - FURNITURE, EQUIPMENT AND SUPPLIES OWNED

		1	2	3	4	5	6
Description		Cost	Improvements	Accumulated Depreciation	Book Value Less Encumbrances	Assets Not Admitted	Net Admitted Assets
1.	Administrative furniture and equipment .....	2,406,266	321,221	2,071,315	334,951	334,949	0
2.	Medical furniture, equipment and fixtures .....	0	0	0	0	0	0
3.	Pharmaceuticals and surgical supplies .....	0	0	0	0	0	0
4.	Durable medical equipment .....	0	0	0	0	0	0
5.	Other property and equipment	0	0	0	0	0	0
6.	Total	2,406,266	321,221	2,071,315	334,951	334,949	0





ANNUAL STATEMENT FOR THE YEAR 2004 OF THE MCARE

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)

REPORT FOR: 1. CORPORATION MCARE 2.

(LOCATION)													
NAIC Group Code 3414		BUSINESS IN THE STATE OF Michigan						DURING THE YEAR 2004			NAIC Company Code 95449		
	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10	11	12	13
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
Total Members at end of:													
1. Prior Year	191,548	344	181,834	0	0	0	9,370	0	0	0	0	0	0
2. First Quarter	179,753	494	171,468	0	0	0	7,791	0	0	0	0	0	0
3. Second Quarter	178,238	353	170,139	0	0	0	7,746	0	0	0	0	0	0
4. Third Quarter	178,743	403	170,750	0	0	0	7,590	0	0	0	0	0	0
5. Current Year	183,355	522	175,158	0	0	0	7,675	0	0	0	0	0	0
6. Current Year Member Months	2,191,203	0	2,098,576	0	0	0	92,627	0	0	0	0	0	0
Total Member Ambulatory Encounters for Year:													
7. Physician	806,295	0	806,295	0	0	0	0	0	0	0	0	0	0
8. Non-Physician	650,825	0	650,825	0	0	0	0	0	0	0	0	0	0
9. Total	1,457,120	0	1,457,120	0	0	0	0	0	0	0	0	0	0
10. Hospital Patient Days Incurred	36,617	0	36,617	0	0	0	0	0	0	0	0	0	0
11. Number of Inpatient Admissions	10,437	0	10,437	0	0	0	0	0	0	0	0	0	0
12. Health Premiums Written	438,578,950	0	419,067,284	0	0	0	19,511,666	0	0	0	0	0	0
13. Life Premiums Direct	0	0	0	0	0	0	0	0	0	0	0	0	0
14. Property/Casualty Premiums Written	0	0	0	0	0	0	0	0	0	0	0	0	0
15. Health Premiums Earned	439,441,685	0	419,930,019	0	0	0	19,511,666	0	0	0	0	0	0
16. Property/Casualty Premiums Earned	0	0	0	0	0	0	0	0	0	0	0	0	0
17. Amount Paid for Provision of Health Care Services	408,941,817	0	408,941,817	0	0	0	0	0	0	0	0	0	0
18. Amount Incurred for Provision of Health Care Services	397,749,448	0	379,096,295	0	0	0	18,653,153	0	0	0	0	0	0

(a) For health business: number of persons insured under PPO managed care products 0 and number of persons insured under indemnity only products 0 .



ANNUAL STATEMENT FOR THE YEAR 2004 OF THE MCARE

SCHEDULE A - VERIFICATION BETWEEN YEARS

1.	Book/adjusted carrying value, December 31, prior year (prior year statement)	
2.	Increase (decrease) by adjustment:	
	2.1 Totals, Part 1, Column 11	
	2.2 Totals, Part 3, Column 7	
3.	Cost of acquired (Totals, Part 2, Column 6, net of encumbrances (Column 7) and net of additions and permanent improvements (Column 9))	
4.	Cost of additions and permanent improvements:	
	4.1 Totals, Part 1, Column 14	
	4.2 Totals, Part 3, Column 9	
5.	Total profit (loss) on sales, Part 3, Column 14	
6.	Increase (decrease) by foreign exchange adjustment	
	6.1 Totals, Part 1, Column 12	
	6.2 Totals, Part 3, Column 8	
7.	Amounts received on sales, Part 3, Column 11 and Part 1, Column 13	
8.	Book/adjusted carrying value at end of current period	
9.	Total valuation allowance	
10.	Subtotal (Lines 8 plus 9)	
11.	Total nonadmitted amounts	
12.	Statement value, current period (Page 2, real estate lines, Net Admitted Assets column)	

SCHEDULE B - VERIFICATION BETWEEN YEARS

1.	Book value/recorded investment excluding accrued interest on mortgages owned, December 31 of prior year	
2.	Amount loaned during year:	
	2.1. Actual cost at time of acquisitions	
	2.2. Additional investment made after acquisitions	
3.	Accrual of discount and mortgage interest points and commitment fees	
4.	Increase (decrease) by adjustment	
5.	Total profit (loss) on sale	
6.	Amounts paid on account or in full during the year	
7.	Amortization of premium	
8.	Increase (decrease) by foreign exchange adjustment	
9.	Book value/recorded investment excluding accrued interest on mortgages owned at end of current period	
10.	Total valuation allowance	
11.	Subtotal (Lines 9 plus 10)	
12.	Total nonadmitted amounts	
13.	Statement value of mortgages owned at end of current period (Page 2, mortgage lines, Net Admitted Assets column)	

SCHEDULE BA - VERIFICATION BETWEEN YEARS

1.	Book/adjusted carrying value of long-term invested assets owned, December 31 of prior year	2,064,064
2.	Cost of acquisitions during year:	
	2.1. Actual cost at time of acquisitions	0
	2.2. Additional investment made after acquisitions	0
3.	Accrual of discount	0
4.	Increase (decrease) by adjustment	(5,593)
5.	Total profit (loss) on sale	0
6.	Amounts paid on account or in full during the year	0
7.	Amortization of premium	0
8.	Increase (decrease) by foreign exchange adjustment	0
9.	Book/adjusted carrying value of long-term invested assets at end of current period	2,058,471
10.	Total valuation allowance	0
11.	Subtotal (Lines 9 plus 10)	2,058,471
12.	Total nonadmitted amounts	0
13.	Statement value of long-term invested assets at end of current period (Page 2, Line 7, Column 3)	2,058,471

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE MCARE  
**SCHEDULE D - PART 1A - SECTION 1**

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
1. U.S. Governments , Schedules D & DA (Group 1)											
1.1 Class 1 .....	17,150,046	1,053,425	.0	.0	.0	18,203,471	30.9	52,166,120	56.4	18,203,471	.0
1.2 Class 2 .....	0	.0	.0	.0	.0	0	.0	.0	.0	.0	.0
1.3 Class 3 .....	0	.0	.0	.0	.0	0	.0	.0	.0	.0	.0
1.4 Class 4 .....	0	.0	.0	.0	.0	0	.0	.0	.0	.0	.0
1.5 Class 5 .....	0	.0	.0	.0	.0	0	.0	.0	.0	.0	.0
1.6 Class 6 .....	0	0	0	0	0	0	.0	0	.0	0	0
1.7 Totals	17,150,046	1,053,425	0	0	0	18,203,471	30.9	52,166,120	56.4	18,203,471	0
2. All Other Governments , Schedules D & DA (Group 2)											
2.1 Class 1 .....	0	.0	.0	.0	.0	0	.0	.0	.0	.0	.0
2.2 Class 2 .....	0	.0	.0	.0	.0	0	.0	.0	.0	.0	.0
2.3 Class 3 .....	0	.0	.0	.0	.0	0	.0	.0	.0	.0	.0
2.4 Class 4 .....	0	.0	.0	.0	.0	0	.0	.0	.0	.0	.0
2.5 Class 5 .....	0	.0	.0	.0	.0	0	.0	.0	.0	.0	.0
2.6 Class 6 .....	0	0	0	0	0	0	.0	0	.0	0	0
2.7 Totals	0	0	0	0	0	0	.0	0	.0	0	0
3. States, Territories and Possessions etc., Guaranteed, Schedules D & DA (Group 3)											
3.1 Class 1 .....	0	.0	.0	.0	.0	0	.0	.0	.0	.0	.0
3.2 Class 2 .....	0	.0	.0	.0	.0	0	.0	.0	.0	.0	.0
3.3 Class 3 .....	0	.0	.0	.0	.0	0	.0	.0	.0	.0	.0
3.4 Class 4 .....	0	.0	.0	.0	.0	0	.0	.0	.0	.0	.0
3.5 Class 5 .....	0	.0	.0	.0	.0	0	.0	.0	.0	.0	.0
3.6 Class 6 .....	0	0	0	0	0	0	.0	0	.0	0	0
3.7 Totals	0	0	0	0	0	0	.0	0	.0	0	0
4. Political Subdivisions of States, Territories and Possessions , Guaranteed, Schedules D & DA (Group 4)											
4.1 Class 1 .....	0	.0	.0	.0	.0	0	.0	.0	.0	.0	.0
4.2 Class 2 .....	0	.0	.0	.0	.0	0	.0	.0	.0	.0	.0
4.3 Class 3 .....	0	.0	.0	.0	.0	0	.0	.0	.0	.0	.0
4.4 Class 4 .....	0	.0	.0	.0	.0	0	.0	.0	.0	.0	.0
4.5 Class 5 .....	0	.0	.0	.0	.0	0	.0	.0	.0	.0	.0
4.6 Class 6 .....	0	0	0	0	0	0	.0	0	.0	0	0
4.7 Totals	0	0	0	0	0	0	.0	0	.0	0	0
5. Special Revenue & Special Assessment Obligations etc., Non-Guaranteed, Schedules D & DA (Group 5)											
5.1 Class 1 .....	0	.0	.0	.0	.0	0	.0	.0	.0	.0	.0
5.2 Class 2 .....	0	.0	.0	.0	.0	0	.0	.0	.0	.0	.0
5.3 Class 3 .....	0	.0	.0	.0	.0	0	.0	.0	.0	.0	.0
5.4 Class 4 .....	0	.0	.0	.0	.0	0	.0	.0	.0	.0	.0
5.5 Class 5 .....	0	.0	.0	.0	.0	0	.0	.0	.0	.0	.0
5.6 Class 6 .....	0	0	0	0	0	0	.0	0	.0	0	0
5.7 Totals	0	0	0	0	0	0	.0	0	.0	0	0

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE MCARE  
**SCHEDULE D - PART 1A - SECTION 1 (continued)**

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
6. Public Utilities (Unaffiliated), Schedules D & DA (Group 6)											
6.1 Class 1 .....	0	0	0	0	0	0	0.0	0	0.0	0	0
6.2 Class 2 .....	1,054,199	0	0	0	0	1,054,199	1.8	657,951	0.7	1,054,199	0
6.3 Class 3 .....	0	0	0	0	0	0	0.0	0	0.0	0	0
6.4 Class 4 .....	0	0	0	0	0	0	0.0	0	0.0	0	0
6.5 Class 5 .....	0	0	0	0	0	0	0.0	0	0.0	0	0
6.6 Class 6 .....	0	0	0	0	0	0	0.0	0	0.0	0	0
6.7 Totals	1,054,199	0	0	0	0	1,054,199	1.8	657,951	0.7	1,054,199	0
7. Industrial & Miscellaneous (Unaffiliated), Schedules D & DA (Group 7)											
7.1 Class 1 .....	23,772,309	9,812,863	0	0	0	33,585,172	57.1	38,775,716	41.9	33,585,172	0
7.2 Class 2 .....	5,999,085	0	0	0	0	5,999,085	10.2	963,848	1.0	5,999,085	0
7.3 Class 3 .....	0	0	0	0	0	0	0.0	0	0.0	0	0
7.4 Class 4 .....	0	0	0	0	0	0	0.0	0	0.0	0	0
7.5 Class 5 .....	0	0	0	0	0	0	0.0	0	0.0	0	0
7.6 Class 6 .....	0	0	0	0	0	0	0.0	0	0.0	0	0
7.7 Totals	29,771,394	9,812,863	0	0	0	39,584,257	67.3	39,739,564	42.9	39,584,257	0
8. Credit Tenant Loans, Schedules D & DA (Group 8)											
8.1 Class 1 .....	0	0	0	0	0	0	0.0	0	0.0	0	0
8.2 Class 2 .....	0	0	0	0	0	0	0.0	0	0.0	0	0
8.3 Class 3 .....	0	0	0	0	0	0	0.0	0	0.0	0	0
8.4 Class 4 .....	0	0	0	0	0	0	0.0	0	0.0	0	0
8.5 Class 5 .....	0	0	0	0	0	0	0.0	0	0.0	0	0
8.6 Class 6 .....	0	0	0	0	0	0	0.0	0	0.0	0	0
8.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
9. Parent, Subsidiaries and Affiliates, Schedules D & DA (Group 9)											
9.1 Class 1 .....	0	0	0	0	0	0	0.0	0	0.0	0	0
9.2 Class 2 .....	0	0	0	0	0	0	0.0	0	0.0	0	0
9.3 Class 3 .....	0	0	0	0	0	0	0.0	0	0.0	0	0
9.4 Class 4 .....	0	0	0	0	0	0	0.0	0	0.0	0	0
9.5 Class 5 .....	0	0	0	0	0	0	0.0	0	0.0	0	0
9.6 Class 6 .....	0	0	0	0	0	0	0.0	0	0.0	0	0
9.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE MCARE  
SCHEDULE D - PART 1A - SECTION 1 (continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

	1	2	3	4	5	6	7	8	9	10	11
Quality Rating per the NAIC Designation	1 Year or Less	Over 1 Year Through 5 Years	Over 5 Years Through 10 Years	Over 10 Years Through 20 Years	Over 20 Years	Total Current Year	Col. 6 as a % of Line 10.7	Total from Col. 6 Prior Year	% From Col. 7 Prior Year	Total Publicly Traded	Total Privately Placed (a)
10. Total Bonds Current Year											
10.1 Class 1	40,922,355	10,866,288	.0	.0	.0	51,788,643	88.0	XXX	XXX	51,788,643	.0
10.2 Class 2	7,053,284	.0	.0	.0	.0	7,053,284	12.0	XXX	XXX	7,053,284	.0
10.3 Class 3	.0	.0	.0	.0	.0	.0	.0	XXX	XXX	.0	.0
10.4 Class 4	.0	.0	.0	.0	.0	.0	.0	XXX	XXX	.0	.0
10.5 Class 5	.0	.0	.0	.0	.0	(c) .0	.0	XXX	XXX	.0	.0
10.6 Class 6	.0	.0	.0	.0	.0	(c) .0	.0	XXX	XXX	.0	.0
10.7 Totals	47,975,639	10,866,288	.0	.0	.0	(b) 58,841,927	100.0	XXX	XXX	58,841,927	.0
10.8 Line 10.7 as a % of Col. 6	81.5	18.5	0.0	0.0	0.0	100.0	XXX	XXX	XXX	100.0	0.0
11. Total Bonds Prior Year											
11.1 Class 1	67,007,637	20,519,268	.0	3,414,931	.0	XXX	XXX	90,941,836	98.2	90,941,836	.0
11.2 Class 2	1,621,799	.0	.0	.0	.0	XXX	XXX	1,621,799	1.8	1,621,799	.0
11.3 Class 3	.0	.0	.0	.0	.0	XXX	XXX	.0	.0	.0	.0
11.4 Class 4	.0	.0	.0	.0	.0	XXX	XXX	.0	.0	.0	.0
11.5 Class 5	.0	.0	.0	.0	.0	XXX	XXX	(c) .0	.0	.0	.0
11.6 Class 6	.0	.0	.0	.0	.0	XXX	XXX	(c) .0	.0	.0	.0
11.7 Totals	68,629,436	20,519,268	.0	3,414,931	.0	XXX	XXX	(b) 92,563,635	100.0	92,563,635	.0
11.8 Line 11.7 as a % of Col. 8	74.1	22.2	0.0	3.7	0.0	XXX	XXX	100.0	XXX	100.0	0.0
12. Total Publicly Traded Bonds											
12.1 Class 1	40,922,355	10,866,288	.0	.0	.0	51,788,643	88.0	90,941,836	98.2	51,788,643	XXX
12.2 Class 2	7,053,284	.0	.0	.0	.0	7,053,284	12.0	1,621,799	1.8	7,053,284	XXX
12.3 Class 3	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX
12.4 Class 4	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX
12.5 Class 5	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX
12.6 Class 6	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX
12.7 Totals	47,975,639	10,866,288	.0	.0	.0	58,841,927	100.0	92,563,635	100.0	58,841,927	XXX
12.8 Line 12.7 as a % of Col. 6	81.5	18.5	.0	.0	.0	100.0	XXX	XXX	XXX	100.0	XXX
12.9 Line 12.7 as a % of Line 10.7, Col. 6, Section 10	81.5	18.5	0.0	0.0	0.0	100.0	XXX	XXX	XXX	100.0	XXX
13. Total Privately Placed Bonds											
13.1 Class 1	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX	.0
13.2 Class 2	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX	.0
13.3 Class 3	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX	.0
13.4 Class 4	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX	.0
13.5 Class 5	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX	.0
13.6 Class 6	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX	.0
13.7 Totals	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX	.0
13.8 Line 13.7 as a % of Col. 6	.0	.0	.0	.0	.0	.0	XXX	XXX	XXX	XXX	.0
13.9 Line 13.7 as a % of Line 10.7, Col. 6, Section 10	.0	.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	XXX	0.0

(a) Includes \$ .....0 freely tradable under SEC Rule 144 or qualified for resale under SEC Rule 144A.  
(b) Includes \$ .....0 current year, \$ .....0 prior year of bonds with Z designations and \$ .....0 , current year \$ .....0 prior year of bonds with Z\* designations. The letter "Z" means the NAIC designation was not assigned by the Securities Valuation Office (SVO) at the date of the statement. "Z\*" means the SVO could not evaluate the obligation because valuation procedures for the security class is under regulatory review.  
(c) Includes \$ .....0 current year, \$ .....0 prior year of bonds with 5\* designations and \$ .....0 , current year \$ .....0 prior year of bonds with 6\* designations. "5\*" means the NAIC designation was assigned by the (SVO) in reliance on the insurer's certification that the issuer is current in all principal and interest payments. "6\*" means the NAIC designation was assigned by the SVO due to inadequate certification of principal and interest payments.

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE MCARE  
**SCHEDULE D - PART 1A - SECTION 2**

Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
1. U.S. Governments, Schedules D & DA (Group 1)											
1.1 Issuer Obligations .....	17,150,046	1,053,426	0	0	0	18,203,472	30.9	38,280,577	41.4	18,203,471	1
1.2 Single Class Mortgage-Backed /Asset Backed Securities .....	0	0	0	0	0	0	0.0	13,885,543	15.0	0	0
1.7 Totals	17,150,046	1,053,426	0	0	0	18,203,472	30.9	52,166,120	56.4	18,203,471	1
2. All Other Governments, Schedules D & DA (Group 2)											
2.1 Issuer Obligations .....	0	0	0	0	0	0	0.0	0	0.0	0	0
2.2 Single Class Mortgage-Backed /Asset Backed Securities .....	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
2.3 Defined .....	0	0	0	0	0	0	0.0	0	0.0	0	0
2.4 Other .....	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
2.5 Defined .....	0	0	0	0	0	0	0.0	0	0.0	0	0
2.6 Other .....	0	0	0	0	0	0	0.0	0	0.0	0	0
2.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
3. States, Territories and Possessions, Guaranteed, Schedules D & DA (Group 3)											
3.1 Issuer Obligations .....	0	0	0	0	0	0	0.0	0	0.0	0	0
3.2 Single Class Mortgage-Backed /Asset Backed Securities .....	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
3.3 Defined .....	0	0	0	0	0	0	0.0	0	0.0	0	0
3.4 Other .....	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
3.5 Defined .....	0	0	0	0	0	0	0.0	0	0.0	0	0
3.6 Other .....	0	0	0	0	0	0	0.0	0	0.0	0	0
3.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
4. Political Subdivisions of States, Territories and Possessions, Guaranteed, Schedules D & DA (Group 4)											
4.1 Issuer Obligations .....	0	0	0	0	0	0	0.0	0	0.0	0	0
4.2 Single Class Mortgage-Backed /Asset Backed Securities .....	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
4.3 Defined .....	0	0	0	0	0	0	0.0	0	0.0	0	0
4.4 Other .....	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
4.5 Defined .....	0	0	0	0	0	0	0.0	0	0.0	0	0
4.6 Other .....	0	0	0	0	0	0	0.0	0	0.0	0	0
4.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
5. Special Revenue & Special Assessment Obligations etc., Non-Guaranteed, Schedules D & DA (Group 5)											
5.1 Issuer Obligations .....	0	0	0	0	0	0	0.0	0	0.0	0	0
5.2 Single Class Mortgage-Backed /Asset Backed Securities .....	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
5.3 Defined .....	0	0	0	0	0	0	0.0	0	0.0	0	0
5.4 Other .....	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
5.5 Defined .....	0	0	0	0	0	0	0.0	0	0.0	0	0
5.6 Other .....	0	0	0	0	0	0	0.0	0	0.0	0	0
5.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE MCARE  
SCHEDULE D - PART 1A - SECTION 2 (continued)

Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
6. Public Utilities (Unaffiliated) Schedules D & DA (Group 6)											
6.1 Issuer Obligations .....	1,054,199	0	0	0	0	1,054,199	1.8	657,950	0.7	1,054,200	(1)
6.2 Single Class Mortgage-Backed /Asset Backed Securities .....	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
6.3 Defined .....	0	0	0	0	0	0	0.0	0	0.0	0	0
6.4 Other .....	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES:											
6.5 Defined .....	0	0	0	0	0	0	0.0	0	0.0	0	0
6.6 Other .....	0	0	0	0	0	0	0.0	0	0.0	0	0
6.7 Totals	1,054,199	0	0	0	0	1,054,199	1.8	657,950	0.7	1,054,200	(1)
7. Industrial and Miscellaneous (Unaffiliated), Schedules D & DA (Group 7)											
7.1 Issuer Obligations .....	29,771,393	9,812,863	0	0	0	39,584,256	67.3	39,739,565	42.9	39,584,256	0
7.2 Single Class Mortgage-Backed /Asset Backed Securities .....	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
7.3 Defined .....	0	0	0	0	0	0	0.0	0	0.0	0	0
7.4 Other .....	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES:											
7.5 Defined .....	0	0	0	0	0	0	0.0	0	0.0	0	0
7.6 Other .....	0	0	0	0	0	0	0.0	0	0.0	0	0
7.7 Totals	29,771,393	9,812,863	0	0	0	39,584,256	67.3	39,739,565	42.9	39,584,256	0
8. Credit Tenant Loans, Schedules D & DA (Group 8)											
8.1 Issuer Obligations .....	0	0	0	0	0	0	0.0	0	0.0	0	0
8.7 Totals	0		0	0	0	0	0.0	0	0.0	0	0
9. Parent, Subsidiaries and Affiliates, Schedules D & DA (Group 9)											
9.1 Issuer Obligations .....	0	0	0	0	0	0	0.0	0	0.0	0	0
9.2 Single Class Mortgage-Backed /Asset Backed Securities .....	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
9.3 Defined .....	0	0	0	0	0	0	0.0	0	0.0	0	0
9.4 Other .....	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES:											
9.5 Defined .....	0	0	0	0	0	0	0.0	0	0.0	0	0
9.6 Other .....	0	0	0	0	0	0	0.0	0	0.0	0	0
9.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0



ANNUAL STATEMENT FOR THE YEAR 2004 OF THE MCARE  
SCHEDULE D - PART 1A - SECTION 2 (continued)

Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
10. Total Bonds Current Year											
10.1 Issuer Obligations	47,975,638	10,866,289	0	0	0	58,841,927	100.0	XXX	XXX	58,841,927	0
10.2 Single Class Mortgage-Backed /Asset Backed Securities	0	0	0	0	0	0	0.0	XXX	XXX	0	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
10.3 Defined	0	0	0	0	0	0	0.0	XXX	XXX	0	0
10.4 Other	0	0	0	0	0	0	0.0	XXX	XXX	0	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
10.5 Defined	0	0	0	0	0	0	0.0	XXX	XXX	0	0
10.6 Other	0	0	0	0	0	0	0.0	XXX	XXX	0	0
10.7 Totals	47,975,638	10,866,289	0	0	0	58,841,927	100.0	XXX	XXX	58,841,927	0
10.8 Line 10.7 as a % of Col. 6	81.5	18.5	0.0	0.0	0.0	100.0	XXX	XXX	XXX	100.0	0.0
11. Total Bonds Prior Year											
11.1 Issuer Obligations	54,743,893	20,519,268	0	3,414,931	0	XXX	XXX	78,678,092	85.0	76,767,707	1,910,385
11.2 Single Class Mortgage-Backed /Asset Backed Securities	13,885,543	0	0	0	0	XXX	XXX	13,885,543	15.0	13,885,543	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
11.3 Defined	0	0	0	0	0	XXX	XXX	0	0.0	0	0
11.4 Other	0	0	0	0	0	XXX	XXX	0	0.0	0	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
11.5 Defined	0	0	0	0	0	XXX	XXX	0	0.0	0	0
11.6 Other	0	0	0	0	0	XXX	XXX	0	0.0	0	0
11.7 Totals	68,629,436	20,519,268	0	3,414,931	0	XXX	XXX	92,563,635	100.0	90,653,250	1,910,385
11.8 Line 11.7 as a % of Col. 8	74.1	22.2	0.0	3.7	0.0	XXX	XXX	100.0	XXX	97.9	2.1
12. Total Publicly Traded Bonds											
12.1 Issuer Obligations	47,975,638	10,866,289	0	0	0	58,841,927	100.0	76,767,707	82.9	58,841,927	XXX
12.2 Single Class Mortgage-Backed /Asset Backed Securities	0	0	0	0	0	0	0.0	13,885,543	15.0	0	XXX
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
12.3 Defined	0	0	0	0	0	0	0.0	0	0.0	0	XXX
12.4 Other	0	0	0	0	0	0	0.0	0	0.0	0	XXX
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
12.5 Defined	0	0	0	0	0	0	0.0	0	0.0	0	XXX
12.6 Other	0	0	0	0	0	0	0.0	0	0.0	0	XXX
12.7 Totals	47,975,638	10,866,289	0	0	0	58,841,927	100.0	90,653,250	97.9	58,841,927	XXX
12.8 Line 12.7 as a % of Col. 6	81.5	18.5	0.0	0.0	0.0	100.0	XXX	XXX	XXX	100.0	XXX
12.9 Line 12.7 as a % of Line 10.7, Col. 6, Section 10	81.5	18.5	0.0	0.0	0.0	100.0	XXX	XXX	XXX	100.0	XXX
13. Total Privately Placed Bonds											
13.1 Issuer Obligations	0	0	0	0	0	0	0.0	1,910,385	2.1	XXX	0
13.2 Single Class Mortgage-Backed /Asset Backed Securities	0	0	0	0	0	0	0.0	0	0.0	XXX	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
13.3 Defined	0	0	0	0	0	0	0.0	0	0.0	XXX	0
13.4 Other	0	0	0	0	0	0	0.0	0	0.0	XXX	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
13.5 Defined	0	0	0	0	0	0	0.0	0	0.0	XXX	0
13.6 Other	0	0	0	0	0	0	0.0	0	0.0	XXX	0
13.7 Totals	0	0	0	0	0	0	0.0	1,910,385	2.1	XXX	0
13.8 Line 13.7 as a % of Col. 6	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	XXX	0.0
13.9 Line 13.7 as a % of Line 10.7, Col. 6, Section 10	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	XXX	0.0

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE MCARE

SCHEDULE DA - PART 2

Verification of SHORT-TERM INVESTMENTS Between Years

	1	2	3	4	5
	Total	Bonds	Mortgage Loans	Other Short-term Investment Assets (a)	Investments in Parent, Subsidiaries and Affiliates
1. Book/adjusted carrying value, December 31 of prior year .....	68,629,436	68,629,436	0	0	0
2. Cost of short-term investments acquired .....	473,035,003	473,035,003	0	0	0
3. Increase (decrease) by adjustment .....	(30,787,788)	(30,787,788)	0	0	0
4. Increase (decrease) by foreign exchange adjustment .....	0	0	0	0	0
5. Total profit (loss) on disposal of short-term investments .....	0	0	0	0	0
6. Consideration received on disposal of short-term investments .....	462,901,014	462,901,014	0	0	0
7. Book/adjusted carrying value, current year .....	47,975,637	47,975,637	0	0	0
8. Total valuation allowance .....	0	0	0	0	0
9. Subtotal (Lines 7 plus 8) .....	47,975,637	47,975,637	0	0	0
10. Total nonadmitted amounts .....	0	0	0	0	0
11. Statement value (Lines 9 minus 10) .....	47,975,637	47,975,637	0	0	0
12. Income collected during year .....	1,780,072	1,780,072	0	0	0
13. Income earned during year .....	1,833,537	1,833,537	0	0	0

(a) Indicate the category of such assets, for example, joint ventures, transportation equipment:

Schedule DB - Part A - VBY  
**N O N E**

Schedule DB - Part B - VBY  
**N O N E**

Schedule DB - Part C - VBY  
**N O N E**

Schedule DB - Part D - VBY  
**N O N E**

Schedule DB - Part E - VBY  
**N O N E**

Schedule DB - Part F - Section 1  
**N O N E**

Schedule DB - Part F - Section 2  
**N O N E**

Schedule S - Part 1 - Section 2  
**N O N E**

Schedule S - Part 2  
**N O N E**

## SCHEDULE S - PART 3 - SECTION 2

[illegible]

## ANNUAL STATEMENT FOR THE YEAR 2004 OF THE MCARE

## SCHEDULE S - PART 4

### Reinsurance Ceded to Unauthorized Companies

[illegible]

SCHEDULE S - PART 5

Five Year Exhibit of Reinsurance Ceded Business (000 omitted)

	1 2004	2 2003	3 2002	4 2001	5 2000
A. OPERATIONS ITEMS					
1. Premiums .....	580	0	0	0	0
2. Title XVIII - Medicare .....	0	0	0	0	0
3. Title XIX - Medicaid .....	0	0	0	0	0
4. Commissions and reinsurance expense allowance .....	0	0	0	0	0
5. Total hospital and medical expenses .....	0	0	0	0	0
B. BALANCE SHEET ITEMS					
6. Premiums receivable .....	0	0	0	0	0
7. Claims payable .....	0	0	0	0	0
8. Reinsurance recoverable on paid losses .....	0	0	0	0	0
9. Experience rating refunds due or unpaid .....	0	0	0	0	0
10. Commissions and reinsurance expense allowances unpaid .....	0	0	0	0	0
11. Unauthorized reinsurance offset .....	0	0	0	0	0
C. UNAUTHORIZED REINSURANCE (DEPOSITS BY AND FUNDS WITHHELD FROM)					
12. Funds deposited by and withheld from (F) .....	0	0	0	0	0
13. Letters of credit (L) .....	0	0	0	0	0
14. Trust agreements (T) .....	0	0	0	0	0
15. Other (O) .....	0	0	0	0	0

SCHEDULE S - PART 6

Restatement of Balance Sheet to Identify Net Credit For Ceded Reinsurance

	1 As Reported (net of neded)	2 Restatement Adjustments	3 Restated (gross of ceded)
<b>ASSETS (Page 2, Col. 3)</b>			
1. Cash and invested assets (Line 10) .....	127,467,383	0	127,467,383
2. Accident and health premiums due and unpaid (Line 12) .....	1,545,630	0	1,545,630
3. Amounts recoverable from reinsurers (Line 13.1) .....	0	0	0
4. Net credit for ceded reinsurance .....	XXX	0	0
5. All other admitted assets (Balance) .....	2,542,570	0	2,542,570
6. Total assets (Line 26)	131,555,583	0	131,555,583
<b>LIABILITIES, CAPITAL AND SURPLUS (PAGE 3)</b>			
7. Claims unpaid (Line 1) .....	36,223,374	0	36,223,374
8. Accrued medical incentive pool and bonus payments (Line 2) .....	20,605,727	0	20,605,727
9. Premiums received in advance (Line 8) .....	7,343,009	0	7,343,009
10. Reinsurance in unauthorized companies (Line 18) .....	0	0	0
11. All other liabilities (Balance) .....	4,891,993	0	4,891,993
12. Total liabilities (Line 22) .....	69,064,103	0	69,064,103
13. Total capital and surplus (Line 30) .....	62,491,480	XXX	62,491,480
14. Total liabilities, capital and surplus (Line 31)	131,555,583	0	131,555,583
<b>NET CREDIT FOR CEDED REINSURANCE</b>			
15. Claims unpaid .....	0		
16. Accrued medical incentive pool .....	0		
17. Premiums received in advance .....	0		
18. Reinsurance recoverable on paid losses .....	0		
19. Other ceded reinsurance recoverables .....	0		
20. Total ceded reinsurance recoverables .....	0		
21. Premiums receivable .....	0		
22. Unauthorized reinsurance .....	0		
23. Other ceded reinsurance payables/offsets .....	0		
24. Total ceded reinsurance payables/offsets .....	0		
25. Total net credit for ceded reinsurance	0		

## ANNUAL STATEMENT FOR THE YEAR 2004 OF THE MCARE

**SCHEDULE Y - (continued)**

## PART 2 - SUMMARY OF INSURER'S TRANSACTIONS WITH ANY AFFILIATES

[illegible]



ANNUAL STATEMENT FOR THE YEAR 2004 OF THE MCARE

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

		Responses
MARCH FILING		
1.	Will the Medicare Supplement Insurance Experience Exhibit be filed with the state of domicile and the NAIC by March 1? .....	NO
2.	Will the Supplemental Compensation Exhibit be filed with the state of domicile by March 1? .....	YES
3.	Will an actuarial certification be filed by March 1? .....	YES
4.	Will the Risk-based Capital Report be filed with the NAIC by March 1? .....	YES
5.	Will the Risk-based Capital Report be filed with the state of domicile, if required, by March 1? .....	YES
6.	Will the Life Supplement be filed with the state of domicile and the NAIC by March 1? .....	NO
7.	Will the Property/Casualty Supplement be filed with the state of domicile and the NAIC by March 1? .....	NO
APRIL FILING		
8.	Will Management's Discussion and Analysis be filed by April 1? .....	YES
9.	Will the Long-Term Care Experience Reporting Forms be filed with the state of domicile by April 1? .....	NO
10.	Will the Investment Risks Interrogatories be filed by April 1? .....	YES
JUNE		
11.	Will an audited financial report be filed by June 1 with the state of domicile? .....	YES

Explanations:

1.
6.
7.
9.

Bar Codes:

1.



95449200436000000000

Medicare Supplement Insurance Experience Exhibit [Document Identifier 360]
6.



95449200420500000000

Life Supplement [Document Identifier 205]
7.



95449200420700000000

Property/Casualty Supplement [Document Identifier 207]
9.



95449200433000000000

Long-Term Care Experience Reporting Forms [Document Identifier 330]